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# HISTORY & DEVELOPMENT OF THE STANDING COMMITTEE ON FINANCE

1969 – 1983



Northwest  
Territories

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History and Development  
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Standing Committee  
on Finance  
1969 – 1983

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September, 1983

**To The Legislative Assembly of the Northwest Territories**

Your Standing Committee on Finance and Public Accounts hereby reports to you on the evolution of the Committee from 1969 and the specific work and expansion of its mandate following appointment of the present members in 1979.

The Committee has had M.L.A. representation from every region over the past four years and has made over 200 recommendations concerning government finances to the legislature. Most have been acted upon in some fashion, all have been as a result of active and concerned M.L.A.'s wishing change.

The Committee would like to take this opportunity to commend the Hon. Tom Butters, Minister of Finance, for his co-operation and dedication to teamwork and to thank Commissioner John Parker for his guidance and assistance.

A special acknowledgement to Auditor General of Canada, Ken Dye and to Deputy Auditor General, Raymond Dubois for their expert advice.

On behalf of the present and past members of the Standing Committee, we would like to thank our legislative colleagues for their support over the last four years and for giving us the opportunity and privilege of serving the Ninth Assembly.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon Wray".

Gordon Wray, M.L.A.  
Keewatin North  
Co-Chairman  
Finance

A handwritten signature in black ink, appearing to read "Lynda Sorensen".

Lynda Sorensen, M.L.A.  
Yellowknife South  
Co-Chairman  
Public Accounts

Sixth Legislative Assembly. Back Row, left to right: Chief John Charlie Tetlichi, J. Gordon Gibson, Donald M. Stewart, Lloyd J. Barber, Duncan M. Pryde, David H. Searle, Mark D. Fairbrother, Simonie Michael. Front Row, left to right: Robert G. Williamson, Hugh Campbell, Stuart M. Hodgson, John H. Parker, Lyle R. Trimble.



## **Development of The Standing Committee on Finance.**

The idea of creating sub-committees to study issues and make recommendations to the Legislature was first raised in 1965. But not until four years later, in January of 1969, did the Legislature adopt a motion which amended its rules to permit the creation of standing committees.

The creation of committees was sanctioned by the Minister of Indian Affairs and Northern Development, the Hon. Jean Chretien, in November, 1969. He said the development would allow "Council Members to take a more active role in the discussion and planning of Territorial programs in close conjunction with the Commissioner and Members of his Executive Committee."

One of the four committees established in 1960 was the Standing Committee on Finance and Public Works. It tabled its first report, which included terms of reference for its work and several recommendations to the Legislature, in January, 1970.

During the term of the Seventh Assembly (February, 1971 to January, 1975), the Committee met several times and tabled nine reports. The four-member Committee was made up of three elected Members, chosen by the Commissioner, and one appointed Member, who became the Committee's spokesman or chairman. It was not long before an elected Member took on that responsibility.

Eighth Legislative Assembly.



## **Operational, But Not Used**

By the time the Eighth Assembly (May, 1975 to March, 1979) took up its duties, the Standing Committee on Finance was operational but was not entirely understood or used by the Legislature. The committee reviewed the Main Estimates and recommended capital projects to the government and the Legislature, presenting a total of nine reports. Its recommendations were generally not discussed or adopted by the Legislature. While the Committee's role seemed largely "window dressing", important steps toward political control of the administrative arm of government had been made.

Until the election of the Ninth Assembly in October, 1979, the legislature had been dominated by the Commissioner, who was seen to be extremely powerful both by the elected Members and by the people of the Northwest Territories. He was often quoted as saying, "I am the government", and indeed he was. The Commissioner operated the offices of the Legislature and controlled the office of the Clerk of the Legislature.

However, during the last six months of the life of the Eighth Assembly, a constitutional development paper was prepared which called for greater powers for the Northwest Territories and for its elected representatives and which made sweeping recommendations to carry out those changes.

Ninth Legislative Assembly.



## **A New Era Begins**

The election of the Ninth Assembly brought a new era. The new Commissioner saw a different role for himself than the Commissioners of the past had played. Many of the elected Members were keen to carry out most of the changes which had been recommended by the Eighth Assembly (albeit in an indirect way) and, later in 1980, by the Prime Minister's Special Representative, the Hon. C.M. Drury (again with little acknowledgement of where the recommendations had come from). One of the recommendations was that the Standing Committee on Finance play a greater role and have more responsibility, and that a Public Accounts Committee be created.

The Legislature still had no Minister of Finance, so soon after its appointment, the Committee decided that the creation of that portfolio should be an early objective.

Another early objective was to establish spending priorities for the Legislature. Because the Legislature did not have the power to change the top level of the civil service (the Commissioner decides who is hired and fired) and because the Legislature did not have a political party system, no definite principles or philosophy governed the creation of policy. The Committee felt that the Legislature should try to reach a consensus on priorities for spending money, giving government departments some idea of the Legislature's wishes when they drafted the Main Estimates.

Finance Committee budget review, 1982.



## **Studies on Development, Energy**

Realizing that the government lacked both a method for dealing with the social and financial impacts of resource development and an Energy portfolio and an energy presence at EARP and EIS hearings, the Committee undertook studies on those two issues.

The Committee brought its recommendations to the Legislature, insisted that those recommendations be debated, and followed them through. The result was the creation of the portfolio of Minister of Energy, a Resource Development Secretariat, and a policy of community consultation on resource development known as the Development Impact Zone (DIZ) policy.

By insisting that until the portfolio of Minister of Finance was created by the government, the Committee -- through its Chairman -- would be involved in financial decision-making and negotiations, the Committee forced the creation of that portfolio. In effect, the Committee said that until the portfolio was created, the Chairman would assume that role.

It was not long before the Commissioner and the Minister of Indian and Northern Affairs took that next important constitutional step. Early in 1981, the Hon. Tom Butters, already a Member of the Executive Committee, was appointed as the Northwest Territories' first Minister of Finance. The Chairman of the Finance Committee was no longer the key political spokesman on government financial matters.

The Standing Committee on Finance also began carrying out detailed reviews of the Main Estimates. The committee's recommendations concerning the Main Estimates -- the governments' budget -- were tabled in the legislature and debated by Members during each winters' budget session.

Public Accounts Committee examination of Financial Information System, March 1983.



## **Towards a Public Accounts Committee**

Having established its credibility as a Finance Committee, the Members were ready to deal with the creation of a Public Accounts function. They hoped to achieve this objective by the end of their four-year term. The major question was how to do it.

The Committee began its consultations with the governments' external auditors, the office of the Auditor-General of Canada. Members consulted a book entitled "Improving Accountability", by John J. Kelly and Hugh R. Hanson and that book became its bible.

In the spring of 1982, the Committee members travelled to Grise Fiord for a three-day think tank on the best structure for establishing a public accounts function within the NWT Legislature. By the fall, its recommendations were ready to be presented to the Legislature.

The recommendations were passed unanimously. The Standing Committee on Finance became the Standing Committee on Finance and Public Accounts, and its mandate was broadened accordingly. Its first task was to review the comprehensive audit on the implementation of the Financial Information System completed by the Auditor General of Canada.

Public Accounts Committee tour of Financial Information System facilities, April 1983.



## Operations of the Committee on Finance and Public Accounts

The formation of the Public Accounts Committee was an important step, a natural advance, towards responsible government by a developing Legislature. The Members consider its function as an evolving Legislature's final step toward assuming fiscal responsibility.

From reviewing and recommending priorities for government spending and then reviewing and making recommendations on the Main Estimates, the public accounts function represents a genuine progression to reviewing and making recommendations on the expenditure of public money after it has been spent.

The Committee members chose to recommend that the Standing Committee on finance mandate be expanded to include Public Accounts for several reasons. It was a means of responding not only to the small size of the legislature and hence the problems associated with having too many committees, but also to the need for consistency and follow-up in the whole area of legislative financial accountability.

Committee Members now are able to see the entire process from beginning to end -- from setting priorities to reviewing how money has been spent -- and thus can advise the Legislature on whether its priorities have been followed as they were set.

To prevent confusion, the Committee recommended a dual Chairmanship for the expanded mandate. The Legislature named Gordon Wray, MLA Keewatin North, as Chairman in charge of the Finance Committee; Lynda Sorensen, MLA Yellowknife South, has assumed the role of Chairman in charge of the Public Accounts Committee. Both roles are dependent on active, committed Chairmen and Committee Members willing to work hard and to participate.

Budget Review.



## **The Potential for Change**

One of the things which makes work on the Committee so interesting is the possibility and potential for affecting change. Given the nature of the NWT political system, with its lack of political parties, the Committee is taken seriously as a Committee. Its recommendations have been implemented, and as backbenchers, Members feel they have an important role.

The Minister of Finance, who holds no power of party loyalty to gain approval of the budget, must seek the Committee's support when he tables his Main Estimates and his money bills. In committee, Members often become involved in serious debates on government financial matters and more than a few times have negotiated significant and important changes.

Because the government's nine-man Executive Council is never really sure of where its support will come from, it is usually in the Council's best interest to listen to the suggestions of the seven-member Finance and Public Accounts Committee. With its Members' support, the government is guaranteed passage of bills in a 22-person Legislature.

## Committee Members



Lynda Sorenson  
(1979 - )



Gordon Wray  
(1983 - )



Rudy Pudluk  
(1979 - )



Peter Fraser  
(1979 - 1983)  
Membership revoked.



Bruce McLaughlin  
(1979 - )



Mark Evaluarjuk  
(1983 - )



Ipeelee Kilabuk  
(1980 - )



Nellie Cournoyea  
(1979 - 1983)



Donald Stewart  
(1979 - 1983)

## **The Importance of Travel**

The Committee has travelled to various parts of the Northwest Territories to hold its meetings because the NWT is a developing area with problems of extreme isolation and communication. The Committee will recommend to the Tenth Assembly that this practice be continued.

In each community, the Committee has met with civic leaders and held public sessions to explain its function and to hear representations on any topic. Usually the M.L.A. for the area accompanies the Committee.

This practice helps Members to learn about the problems of this vast area, contributes to the community's economy and lets the public view a legislative committee at work.

## **The Value of Teamwork**

Members of the Committee recognize that the Legislature is still evolving, and view that evolution with excitement and a sense of challenge. Members of the Finance and Public Accounts Committee recognize that while making a recommendation for change is one thing, putting that recommendation into action, finding the dollars to do it, and keeping it functioning is quite another. There is no doubt that the Executive Members played a key role in making the Committee's operations a success, demonstrating that while in the NWT, individuals can still make things happen, it is teamwork which gets the work done.

## Reports Of The Standing Committee On Finance And Public Accounts

1. November/79      Revised Terms of Reference Priorities  
                            Calendar of Events
2. January/80      Recommendations: 1980-81 Budget
3. February/80      Recommendations: Supplementary Appropriations No. 1  
                            Auditor General's Letter Motion 5-80(1)
4. February/80      Recommendations: Financial Bills 6-80(1) 7-80(1), 8-80(1)
5. March/80      Energy
6. June/80      Recommendations: Broad Spending Priorities  
(1981-82)General Recommendations (during Oct/Nov Session)
7. November/80      Recommendations: Supplementary Appropriations No. 20 & 21
8. February/81      Responding to Non Renewable Resource Development
9. February/81      Recommendations: 1981-82 Budget
10. May/81      Recommendations: Spending Priorities for 1982-83
11. November/81      Recommendations: Supplementary Appropriations No. 1 1981-82
12. December/81      Pilot Project Cost of Living
13. February/82      Review and Recommendations: 1982-83 Budget
14. February/82      Review and Recommendations: Auditor General's Report and letters 1980-81
15. March/82      Review and Recommendations: Supplementary Appropriation No. 2 1980-81
16. May/82      Financial Administration Ordinance & Supplementary Appropriations No. 3 1981-82
17. November/82      Recommendations: Bill 2-82(3), 5-82(3), 6-82(3)
18. November/82      Creation of a Public Accounts Committee
19. November/82      Recommendations: Bill 22-82(3), 18-82(3), 12-82(3)
20. February/83      Recommendations: Budget Session 1983
21. May/83      Recommendations: Supplementary Appropriation No. 3 1982-83, and Supplementary Appropriation No. 1 1983-84
22. May/83      Volume 1 - Report of Standing Committee on Finance and Public Accounts on the Implementation of the Financial Information System
23. June/83      Volume 11 - Report of the Standing Committee on Finance and Public Accounts on "Any Other Matters and the Annual Report of the Territorial Accounts"
24. September/83      Volume 111 - Report of the Standing Committee on Finance and Public Accounts on the response of the Government to Volume 1.
25. September/83      Volume IV - Report of the Standing Committee on Finance and Public Accounts on the N.W.T. Housing Corporation, the Territorial Accounts and the Report on any other matter.

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